Supreme Court, U.S.
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No.

In the

Supreme Court of the United States

JACK MACKIE,

Petitioner,

v.

BONNIE RIESER; SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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50 pp

QUESTION PRESENTED

1. In cases seeking the return of the defendants' profits attributable to an admitted copyright infringement, are advertisers implicitly exempt from the strictures of 17 U.S.C. § 504(b) which give to defendants the burden of proving associated costs of production and other causes of income?

2. Where actual damages of copyright infringement are computed as a constructive license fee, must that computation ignore the financial impact of the copyright owner's legitimate aesthetic objections to the manner of the re-use?

PARTIES TO THE PROCEEDING

The parties are:

Petitioner: Jack Mackie, an individual ("Mackie").

Respondents: Bonnie Rieser, an individual ("Rieser"). Seattle Symphony Orchestra, a Washington non-profit corporation ("Symphony").

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JACK MACKIE, Petitioner, through the undersigned counsel requests that this Court issue a writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

District Court proceedings arose from a complaint for copyright infringement which ultimately was admitted by defendants. On July 28, 2000, the District Court granted defendant Symphony partial summary judgment on the issue of recovery by Mackie of Symphony's attributable profits. On August 18, 2000, the District Court entered Findings of Fact and Conclusions of Law, and a Judgment. The Circuit Court for the Ninth Circuit filed its Opinion affirming the District Court on July 25, 2002. It denied Mackie's motion for rehearing on September 4, 2002.

JURISDICTION

District Court subject matter jurisdiction was provided by 28 U.S.C. § 1338(a). Its venue was provided by 28 U.S.C. § 1400(a). Jurisdiction of the Ninth Circuit Court of Appeals was provided by 28 U.S.C. §1291. Jurisdiction of this Court is provided by 28 U.S.C. § 1254(1). Time requirements for filing this petition are stated in 28 U.S.C. § 2101(c) and Sup. Ct. R. 13.1. As the Circuit Court denial of Mr. Mackie's petition for rehearing and rehearing en banc was filed on September 3, 2002, the deadline for this petition to this Court is December 3, 2002, without there being any extension of time. Sup. Ct. R. 13.1 & .4.

RELEVANT PROVISIONS INVOLVED

Art. I § 8 cl.8, U.S. Con.

> The congress shall have power . . . [t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

17 U.S.C. § 504(b):

> The copyright owner is *entitled* to recover the actual damages suffered by him or her as a result of the infringement, *and any profits of the infringer that are attributable to the infringement* and are not taken into account in computing the actual damages. In establishing the infringer's profits, the *copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the element of profit attributable to factors other than the copyrighted work.*

[emphasis added]

STATEMENT OF THE CASE

Introduction. This is a case about standards for monetary damages for using, in a widely distributed advertisement, the altered image of a well known, popular piece of sculpture. In addition to the fact that the simple re-use of the image was unauthorized, the way the copyrighted image was changed was offensive artistically.

The original work is a iconic sculpture which is known nationally. It suggests a couple performing ballroom dance steps down a Seattle sidewalk.

In computing monetary damages to the copyright owner, the Courts below deleted from consideration the substantial amount of income known to have been generated by the advertisement and the natural effect on a license fee which would obtain from the offensiveness of the use. After thus removing the principal elements of damages, the District Court awarded Mr. Mackie a token $ 1000.

Linking such a substantial infringement with such an insubstantial award judicially alters federal statutes and trivializes a Constitutional right.

Actions by defendants. Ms. Rieser, under contract with the Symphony, took and then digitally manipulated a photograph of the sculpture. The changes included the deletion of Mr. Mackie's printed copyright notice, changing the colors of the original sculpture, and adding flourishes. The doctored image dominated the part of the brochure which promoted a performance series which the Symphony called the "Pops" series.

The Symphony hand delivered the brochure to prospective purchasers of season tickets and mailed 150,000 copies. In this case, it finally became undisputed that Rieser and the Symphony deliberately employed the image for this sales purpose and expected that it would work or they would not have used it in the first place.

Symphony's marketing department (as a normal part of its business) made records of the income received because of the brochure. It routinely tried to keep track of the effectiveness of its advertising. Raw data for those records were made by Symphony's ticket sellers who asked each purchaser the source of his/her information about the Symphony. ER 114, 134, 190,

205-10. The records showed that the brochure sold 2711 new (*i.e.*, non-renewal) season tickets and brought in income of $253,687. ER 123, 130 (recording one category of income from "Direct Mail - New Sales" as "$253, 686" from the "Season Ticket Brochure").

Witnesses for both Mackie and Symphony were able to identify in the records keys to breaking down further income for just the brochure pages in which there existed an infringing image. The opinion of Mr. Mackie's accounting expert was that $52,000 of income was attributable during the first season to the Pops ad. ER 113-115, 122. He arrived at that conclusion by identifying the income of the Pops series from new sales and also any marginal production costs. ER 114. Symphony's witnesses thought that the amount was less, but only marginally. ER 210, 214.[1] A: There was a minor mathematical error that Mr. Sutphen corrected in his deposition and that I have incorporated into my work as well, but substantially, no. . . I am using his $52,000 number in my analysis. There was *no* testimony stating that the brochure created *no* income. There also was no testimony by either party attempting to further distinguish the income of the infringing and non-infringing portions of the Pops advertisement.

In sum, Mackie presented testimony considerably more detailed than the "gross revenue" required by § 504(b) but the lower Courts punished him for not making even further differentiations.

Issues at trial. Mackie sought disgorgement of the Symphony's Pop's ticket sales income generated by

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[1]This is the way *defendant's* witness expressed his reaction to plaintiff's analysis of the amount of attributable income from the infringing pages of the brochure:

Q: . . . Mr. Sutphen's reports consist primarily of a calculation of the Pops revenues (from subscription ticket sales) which were generated by the season brochure. Do you have any opinion as to the propriety or accuracy of is conclusion just in that regard?

the brochure. He also sought a licensing fee consonant with the price of a license which he would have charged for the use of the image in the way it was actually done.

Decisions below. Mackie was foreclosed from a disgorgement of Symphony's ticket sales income because he had not differentiated between the infringed and non-infringing portions of the sales brochure. That is contrary to clear federal law. Worse yet, the elements stated by the Ninth Circuit Court to be required in such an accounting exercise make it impossible for the copyright owner to perform it; the Ninth Circuit Court required the copyright owner to delete the effects of the buyers' desire to hear the music,[2] i.e., the very things which the advertisement was intended to seed in the first place.

The lower Courts' opinions also disallowed Mr. Mackie any utility of his artistic objections in computing a constructive license fee, even though the objections were reasonable:

> Mr. Mackie's aesthetic and contextual objections to the use of his work, while understandable, are not compensable given the standard of a willing buyer and willing seller.

ER 360.

There was no testimony doubting the propriety of Mackie's objections. The difference between the valuation testimony (which came from two people whose business it is to negotiate royalties for graphic

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[2]Elements stated by the Circuit Court which Mackie should have eliminated were " . . . was it [the sales] because of the Symphony's reputation, or the conductor, or a specific musician, or the dates of the concerts, or the new symphony hall, or the program, or the featured composers, or community boosterism, or simply love of muic or . . . ?" Panel Op. 10535

artists) was that Mackie's factored for artistic objections and Rieser's was told by her attorneys to ignore them. ER 469, 477, 484, 524 - 5. This made the competing valuations "apples and oranges".

Policy problems created by these decisions. The Ninth Circuit opinion fills a void in our jurisprudence on the vulnerability of advertisers (in any media, video as well as print) to damages for copyright infringement.[3] As such, it will dominate the topic until reviewed by this Court.

The immunity which is accorded advertisers will encourage infringement, since an infringing use will be, by definition, less expensive than an authorized one. So trivializing the remedy for a Constitutional right like copyright threatens to trivialize the right itself. *Cf. Marbury v. Madison*, 5 U.S. 137, 163, 2 L. Ed. 2d 60 (1803).

REASONS FOR GRANTING WRIT

I. THE COURT OF APPEALS FOR THE NINTH CIRCUIT ERRED BY EXEMPTING ADVERTISING FROM THE NORMAL RULES FOR COMPUTING THE VICTIM'S RECOVERY OF THE INFRINGER'S PROFITS.

A. Important departures from statutory law in signal cases are ripe for certiorari.

Certiorari is granted only in cases of special importance. Sup. Ct. R. 10. Principal grounds for holding a Circuit Court decision to be of this degree of importance are that it concerns an important federal law issue not yet decided by this Court, Sup. Ct. R. 10(c), and/or it is an important matter and conflicts with the

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[3] There is one contrary case in another circuit, but it did not address expressly these accounting issues. *See Konor Enterprises Inc. v. Eagle Publications Inc.*, 878 R. 2d 138 (4th Cir. 1989).

opinion(s) of other circuits. Sup. Ct. R. 10(a).

B. The normal rule for proof of damage for infringement of copyright includes a presumption of the recoverability of profits attributable to the totality of the work including the infringement.

Monetary recovery for copyright infringement consists of actual damages together with recovery of the infringer's gains from using the copyrighted material:

> The copyright owner is *entitled* to recover the *actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement* and are not taken into account in computing the actual damages.

17 U.S.C. Sec. 504(b) [emphasis supplied]. This same statute gives victims an important aid in their efforts to quantify such profits:

> In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the *infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.*

Id.

Once the victim proves a causal relationship between the infringement and the infringer's income, § 504(b) shifts to the defendant the obligation to tease out production costs and other causes of the net income, including the income generated by the non-infringing

parts of the same advertisement or product. *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corporation*, 221 U.S.P.Q. 114 (C.D. Cal. 1983) at n.8 (citing *Sheldon v. Metro-Goldwyn Pictures*, 309 U.S. 390, 406, 84 L. Ed. 825, 60 S. Ct. 681 (1940) and stating that, where defendant has combined infringing and non-infringing elements in a product, the profits should be attributed to the infringement unless the infringer presents evidence sufficient to permit the court rationally to apportion the profits).

This obviously creates a two stage analysis: the victim first must show what gross income is attributable to the junior use, infringing portions and all, and then the infringer must prove any other adjustments. Shifting part of the burden of proof to the infringer recognizes the Constitutional protections for copyright and long standing equitable principles. *Cf. Sheldon v. Metro-Goldwyn Pictures, supra* 309 U.S. 390, 399 - 408 (1940). It also responds to the practical reality that the records which are used in the allocation exercise normally are under the control of the infringer. Similar policies explain similar provisions for other forms of intellectual property. *See* 15 U.S.C. §§ 1117, 1125 (Lanham Act, sections 35 and 43). *See also, JEM AG Supply Inc. v. Pioneer Hi-Bred International Inc.*, 534 U.S. 124, 151 L. Ed. 2d 508, 122 S. Ct. 593 (2001) (interpreting patent laws broadly).

C. The lower Courts in this case created a judicial exception.

In contrast to the plain language of § 504(b), the lower Courts required Mackie to prove both levels of causation and, as noted above, the Ninth Circuit's formulation made it impossible to achieve.

D. Judicially creating that exception is error.

No case says that there is a special rule for advertising cases and there is no logic for one.

There, of course, are cases about advertising infringement where the plaintiffs were unsuccessful, but those plaintiffs all failed to establish any attribution of income at all. They attempted to substitute for that proof simple ratios between the infringer's gross income and its annual advertising costs.[4] Where plaintiffs have marshaled proof of that some income was attributable to an advertisement, at least one Circuit Court has not required more of them. *See Konor Enterprises Inc. v. Eagle Publications Inc.*, 878 F. 2d 138 (4th Cir. 1989) (plaintiff need only show infringer's gross revenues in case about the use of an infringing image in a postcard advertisement for defendant's phone directory).

This really is no different than the rule in cases involving the direct sale of an infringing work. *See* Taylor v. Meirick, 712 F. 2d 1112 (7th Cir. 1983) (plaintiff failed to prove income from sales of infringing maps; proved only that the infringing maps were 2% of defendant's inventory, not 2% of the sales).

Any exception from § 504(b) for advertising and advertisers makes no sense. Common commercial reality is that advertising generally is effective to a degree which does not justify treating it differently than other forms of business. Pervasive federal and state regulation of advertising is testament to the general acceptance that advertising influences markets. *See*, FTC Act, 15 U.S.C. § 45; Petty, "Advertising Law and Social Issues: the Global Perspective", 309 *Suffolk*

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[4] *See, Sid and Marty Krofft v. McDonald's Corp.*, 221 U.S.P.Q. 2d 1061 (C.D. Cal 1983); *Vane v. The Fair, Inc.*, 849 F. 2d 186 (5th Cir. 1988) cert. den. 488 U.S. 1008; *Rainey v. Wayne State University*, 26 F. Supp. 2d 963 (ED Mich 1998).

Transnational Law Review, (Spring 1994); Troy, "Advertising: Not 'Low Value' Speech," *Yale Journal on Regulation*, 85 (Winter 1999).

Once it deliberately chooses to employ an infringing image to sell products, an advertising infringer should not be able to escape liability merely by disingenuously doubting that the ad worked.

II. THE COURT OF APPEALS FOR THE NINTH CIRCUIT ERRED WHEN, IN THE COURSE OF CALCULATING A CONSTRUCTIVE LICENSE FEE FOR AN INFRINGING USE, THE COURT EXCLUDED FROM ANY CONSIDERATION THE REASONABLE OBJECTIONS OF THE COPYRIGHT OWNER TO NOT ONLY THE FACT BUT ALSO THE MANNER OF THE INFRINGEMENT.

A. Proper to analyze actual damages as a constructive license.

The Ninth Circuit and District Courts were correct in focusing on a constructive license fee as the basis for actual damage. It is consistent with existing authority (see later) and all parties accepted "constructive license" as the standard for recovery at trial.

B. Error not to consider artistic objections when computing constructive license fee.

The amount of a constructive license is computed by projecting the results of a hypothetical negotiation between the senior and junior users, prior to the use. It does not depend upon the subjective volition by the infringer (who, presumably, would not agree to any license fee since it chose to steal it in the first place) but rather is the price which should be "required" of the

infringer. *Eales v. Environmental Lifestyles, Inc.*, 958 F. 2d 876, 880 (9th Cir. 1992) *abrogated on other grounds, Hunt v. Pasternack*, 179 F. 3d 683 (9th Cir. 1999); *United States v. King Features Entertainment, Inc.* 843 F. 2d 394, 400 (9th Cir. 1988); *Deltak Inc. v. Advanced Systems Inc.*, 767 F. 2d 357 (7th Cir. 1985).

Both lower Courts erred when excluding quality of the junior use of the copyrighted image in their vision of such a hypothetical negotiation.

All known cases emphasize the value to copyright owner to retain control over the way the image is used by others; none say that it is insignificant. See *Johnson v. Jones*, 149 F. 3d 494 (6th Cir. 1998) (erroneous attribution of architectural work by a competitor held to increase recoverable damages); *Gilliam v. American Broadcasting Companies, Inc.*, 538 F. 2d 14, 24 (2nd Cir. 1976) (injunction against unauthorized editing of video program); *Jefferson v. Johnson Publishing Inc.*, 1992 WL 318615 (N.D. Ill. 1992) (artist may prohibit re-use of his mural in a slick print advertisement because the "most corrosive and irreparable harm attributable to copyright infringement is the victim's inability to control the nature and quality of the infringer's goods"). Indeed, federal copyright law was changed in 1991 to increase an artist's protectable interest in the tangible work itself. See 17 U.S.C. §106A.

A real copyright owner faced with a real negotiation over a use which he/she dislikes naturally would increase the price to compensate for that. Just as any seller requires payment to make him/her "willing" to allow any use, he/she would require more to make him/her "willing" to permit a use which is undesirable. A department store demanded and got more for the infringement of its design by a discount merchandiser since it the reuse was inconsistent with the owner's reputation. *Harolds Stores Inc. v. Dillard Dept. Stores*, 82 F. 3d 1533, 1547 (10th Cir. 1996). An author of a law

review article naturally would be expected to charge more for the re-printing of his/her work in a place or way he/she dislikes, say to support a radical political cause of which the author is not fond. The publisher of Dr. Suess children's books may protect its interest in its image by stopping its use in a crime novel. *Dr. Suess Enterprises v. Penguin Books USA, Inc.*, 109 F. 3d 1394 (9th Cir. 1997) *cert. dism'd*, 521 U.S. 1146. The holder to rights to comic characters has a special interest in stopping their use in a ribald book. *Walt Disney Productions v. Air Pirates*, 581 F. 2d 751 (9th Cir. 1978).

CONCLUSION

Petitioner JACK MACKIE asks this Court to GRANT his Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit. The lower Court decisions are critically wrong and broadly applicable. By judicially amending the statutes, the lower Courts have trivialized an ancient, constitutional right.

RESPECTFULLY SUBMITTED

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No. 00-35839

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

JACK MACKIE,
Plaintiff-Appellant,

v.

BONNIE RIESER; SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,
Defendants-Appellees.

May 7, 2002, Argued and Submitted,
Seattle, Washington

July 25, 2002, Filed

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JUDGES:
Before: Pamela Ann Rymer, M. Margaret McKeown, and Ronald M. Gould, Circuit Judges. Opinion by Judge McKeown.

OPINION BY:
M. Margaret McKeown

OPINION:

McKEOWN, Circuit Judge:

This case of admitted copyright infringement leads us to clarify our longstanding rule regarding the quantum of causation necessary to obtain indirect profits damages. Jack Mackie, creator of the popular outdoor artwork in Seattle known as "The Dance Steps," sued the Seattle Symphony Orchestra Public Benefit Corporation (the "Symphony") for copyright infringement after the Symphony, without Mackie's permission, used his artwork in a Symphony promotional campaign. Unfortunately, Mackie did not have a registered copyright on the work at the time of infringement and consequently could not take advantage of statutory damages for infringement, n1 nor did he have evidence to sustain a claim for the Symphony's direct profits. *17 U.S.C. § 412*(2). Instead, he was left to pursue claims for indirect profits and actual damages.

Mackie appeals an order granting summary judgment in favor of the Symphony on the issue of indirect profits. The district court reasoned that Mackie failed to demonstrate a tangible nexus between the infringing use and the Symphony's revenues and, alternatively, held that any such computation of damages was far too speculative to survive a summary judgment motion.

In consonance with our holding in *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505 (9th Cir. 1985)*, and subsequent rulings from several of our sister circuits, we hold that [HN1] to survive summary judgment, a copyright infringement plaintiff seeking to recover indirect profits damages under *17 U.S.C. § 504*(b) must proffer some evidence to create a triable issue regarding whether the infringement at least partially caused the profits that the infringer generated as the result of the infringement. Because Mackie failed to adduce any non-speculative evidence that would even

suggest a link between the infringement and the Symphony's supposedly enhanced revenues, we affirm the district court's entry of summary judgment.

Mackie also appeals from the district court's judgment in his favor of $ 1,000 in actual damages and costs entered jointly and severally against the Symphony and Bonnie Rieser, a graphic artist who provided artwork for the Symphony's campaign. Mackie argues that the district court erred by failing to account for his subjective objections to the manner in which his work was used. Mackie's argument finds no support in the law of copyright damages. Consequently, we affirm the actual damages award.

BACKGROUND

Mackie is a Seattle-based artist who specializes in creating public works. In 1979, he received a commission from the City of Seattle to develop a series of sidewalk installations in the Capitol Hill neighborhood entitled "The Dance Steps." As the title suggests, the installation consists of eight schematic diagrams that depict the basic steps of various popular dances; these schematics are based on the "how-to" instructions that were popularized by the late Arthur Murray and his chain of dance studios. The footsteps are cast in bronze and embedded in sidewalks. n2 One of the "Steps," entitled "The Tango," depicts steps and movements associated with the popular Argentinian dance. It is identified by an accompanying plaque that reads "Jack Mackie, Chuck Greening, artists, (c) 1979." n3

In 1995, the Symphony contracted with Rieser, a Seattle-based graphic artist, to help design its direct-mail subscription campaign for various series in the 1996-97 season. One such series was called the "Pops,"

which included performances of well-known music from movies and Broadway shows.

For the "Pops" series, Rieser decided to create a montage that combined images of the Symphony's then-future Benaroya Hall and other aspects of Seattle culture. She created the backdrop by electronically scanning an architectural rendering of the future concert hall's rectangular acoustic tiles into her computer's hard drive. Having been enamored with "The Dance Steps" as an aspect of Seattle's public art, Rieser also decided to incorporate "The Tango" into her design. She photographed the work, scanned the photographs, and then superimposed the image onto the tile backdrop. Rieser completed her work by "painting" pastel-like swirls, "writing" in several dance and musical terms of art, and incorporating representations of the Statue of Liberty and the Seattle skyline. Her collage also contained a portion of the plaque that accompanies "The Tango," but omitted the accompanying copyright notice.

The Symphony incorporated Rieser's artwork into a twenty-four page promotional brochure. The collage appeared on page twelve of the brochure, directly following a page that contained information about the Pops performances. The brochure was mailed to approximately 150,000 individuals located throughout the United States. Additionally, the Symphony made other collateral uses of the image, but Mackie did not seek damages for those infringements.

Following the Symphony's use of her collage, Rieser solicited publication of an article in "Step By Step Graphics Magazine" that detailed the process she employed to create her artwork. The magazine ran the article, which explained among other things her methodology for photographing "The Tango" and scanning it into her computer.

Shortly after the article's publication, Mackie learned about Rieser's unauthorized use of "The Tango." After unsuccessful efforts to obtain remuneration from both the Symphony and Rieser, Mackie brought a copyright infringement action against them. He sought actual damages - including a hypothetical royalty payment and compensation for the loss of future employment opportunities - and the recoupment of profits that the Symphony generated during the 1996-97 season by appropriating "The Tango." Mackie also demanded profits for future seasons, arguing that many patrons who subscribed to the Pops series because of the infringing collage later renewed their subscriptions.

Following discovery, the Symphony moved for partial summary judgment on Mackie's demand for indirect profits. The Symphony argued that Mackie failed to establish a direct link between the infringing use and the Pops series revenue. The Symphony noted that Mackie's damages expert had testified that it was impossible to determine how much of the Pops revenue could be traced to the infringing artwork.

Mackie responded by submitting a supplemental expert declaration. Despite his earlier testimony about the speculative nature of estimating indirect profits, the expert now claimed that he was "able to find the income [specifically] attributable to the Tango Piece." He noted, for example, that a Symphony document entitled "Mid Campaign Strategy etc." stated that the Symphony "hoped or expected to get a return rate of 1.5% ~~for~~ its season ticket brochures." The expert then, without further analysis, deduced that "[a] 1.5% return rate...results in a computation of income from the Tango Picture comparable to which I [had earlier] computed."

After noting that indirect profits awards pursuant to § 504(b) are relatively rare, the district court concluded that the expert's deposition testimony and

accompanying report were too "speculative" as a matter of law to support an award. The court noted the damages analysis was nothing more than "an estimate (based upon multiple estimates) of how many sales [of] the 1996-97 Pops series resulted from the Symphony's season brochure."

After the Symphony and Rieser conceded that they infringed Mackie's work, the parties proceeded to a bench trial on actual damages. Mackie testified that he objected to how Rieser and the Symphony divorced "The Tango" from its original artistic context. Mackie further testified that, as a consequence, he would have demanded a royalty of approximately $ 85,000 in a putative pre-infringement negotiation. He also claimed that the infringement caused $ 100,000 in damages because of harm to his reputation and future commissions.

During cross-examination, however, Mackie conceded that his putative loss of future earnings was speculative at best. He also admitted that he had previously given permission for others to use "The Tango" without payment of a royalty.

Similarly, Mackie's expert witnesses failed to provide any tangible support for his damages demands. For example, a Seattle-based curator testified that while Mackie could potentially lose public works commissions as a result of a supposed injury to his reputation, any such damages would be speculative.

Following trial, the district court issued findings of fact and conclusions of law. With regard to Mackie's contention that the infringement diminished his work's marketability, the court found that Mackie "has presented no persuasive evidence that Defendants' use of ["The Tango"] has caused him to lose commissions or other opportunities to license the use of his work

commercially. The Court also finds that the Rieser work has not caused any discernible damage to Mr. Mackie's professional reputation." Disregarding Mackie's subjective objections to the manner in which Rieser and the Symphony utilized "The Tango," the district court employed a hypothetical negotiation framework to determine that Mackie would have received a $ 1,000 royalty from the Symphony. Accordingly, the court awarded him damages in that amount plus various litigation-related costs.

DISCUSSION

I. INDIRECT PROFITS DAMAGES UNDER SECTION 504(B)

[HN2] Section 504(b) of the Copyright Act provides the sole means to obtain monetary remedies for an infringement plaintiff who, like Mackie, has failed to register his copyright before infringement:

[HN3] The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and *any profits of the infringer that are attributable to the infringement* and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. § 504(b) (emphasis added).

[HN4] On its face, § 504(b) does not differentiate between "direct profits" - those that are generated by selling an infringing product - and "indirect profits" - revenue that has a more attenuated nexus to the infringement. Nor does it discuss whether tort

principles, such as causation, should play a role in determining whether the infringer's profits were a result of the infringing act. Nevertheless, in our prior decisions, we have held that a copyright holder must establish the existence of a causal link before indirect profits damages can be recovered.

In the seminal case of *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505, 517 (9th Cir. 1985) ("Frank I")*, we held for the first time n4 in this circuit that the language of § 504(b)'s predecessor, *17 U.S.C. § 101*(b), was expansive enough to afford parties an indirect profits remedy under certain conditions. n5 There, the plaintiff, a music publisher, alleged that MGM infringed its copyright to several songs from the musical "Kismet" by including them without prior authorization in a Las Vegas show. *Id. at 510.* After concluding that MGM had indeed infringed the songs' copyrights, we held that the publisher could recover indirect damages, such as profits from the hotel's casino, that had been boosted by the show's promotional value provided that the profits were "ascertainable." *Id. at 517.*

Although *Frank I* did not attempt to define specifically the requisites for recovery of indirect profits damages, it did set forth general specifications to guide the inquiry. Notably, we held that [HN5] a district court could preclude "recovery of a defendant's profits if they are only remotely or speculatively attributable to the infringement." *Id.* (citing 4 M. Nimmer, *Nimmer on Copyright*, § 14.03[A], at 14-15 (1985)). In the same vein, we stated that "in a copyright action, a trial court is entitled to reject a proffered measure of damages if it is too speculative." *772 F2d at 513.*

Although our discussion in *Frank I* of the relationship between causation principles and indirect profits damages was somewhat opaque, our holding strongly implied that a district court must conduct a

threshold inquiry into whether there is a legally sufficient causal link between the infringement and subsequent indirect profits. Such an approach dovetails with common sense - there must first be a demonstration that the infringing acts had an effect on profits before the parties can wrangle about apportionment. To do otherwise would be inconsistent with both rudimentary principles of tort law, to which copyright law is often analogized, n6 and our earlier holding in *Frank I.*

Our damages framework finds further support in decisions from our sister circuits that address the same issue. *See, e.g., Univ. of Colo. Found. v. Am. Cyanamid Co., 196 F.3d 1366, 1375 (Fed. Cir. 1999)* (holding that the plaintiff has the "burden" to demonstrate a nexus between the infringement and the indirect profits before apportionment can occur); *Bus. Trends Analysts, Inc. v. Freedonia Group, Inc., 887 F.2d 399, 404 (2d Cir. 1989)* (holding that a plaintiff can recover indirect profits in the form of "value received from an infringing product used to enhance commercial reputation" if it first demonstrates that "the amount of an award is based on a factual basis rather than undue speculation") (internal quotation marks omitted); *see also Estate of Vane v. The Fair, Inc., 849 F.2d 186, 189-90 (5th Cir. 1988)* (affirming district court's refusal to award indirect profits damages allegedly resulting from infringing use of photographic slides in advertising); *cf. Taylor v. Meirick, 712 F.2d 1112, 1122 (7th Cir. 1983)* (noting in direct profits context that "if General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motors' corporate income tax return in the record and rest your case for an award of infringer's profits."). One of the leading treatises on copyright law also favors an inquiry into the causal relationship between infringement and profits before apportionment can

occur. *See* 4 M. Nimmer, *Nimmer on Copyright*, § 14.03[A], at 14-29 (2001) ("When an infringer's profits are only remotely and speculatively attributable to the infringement, courts will deny recovery to the copyright owner."). Finally, we note that the principle of causation based on non-speculative evidence is nothing novel in the damages arena. *See, e.g., Assoc. Gen. Contractors of Cal. v. Cal. State Council of Carpenters, 459 U.S. 519, 542-43, 74 L. Ed. 2d 723, 103 S. Ct. 897 (1983)* (citing speculative nature of damages as basis for affirming dismissal of antitrust action); *Mindgames, Inc. v. W. Publ'g Co., Inc., 218 F.3d 652, 658-59 (7th Cir. 2000)* (affirming grant of summary judgment in breach of contract case because damages evidence was excessively speculative), *cert. denied, 531 U.S. 1126, 148 L. Ed. 2d 791, 121 S. Ct. 882 (2001).*

In sum, we hold that [HN6] to survive summary judgment on a demand for indirect profits pursuant to § 504(b), a copyright holder must proffer sufficient non-speculative evidence to support a causal relationship between the infringement and the profits generated indirectly from such an infringement.

II. MACKIE'S DEMAND FOR INDIRECT PROFITS

Applying the indirect profits analysis to the record in this case, we conclude that Mackie has not proffered nonspeculative evidence that is sufficient to create a triable issue of fact. Remarkably, Mackie's own expert stated that he could not "understand" how it would be possible to establish a causal link between the Symphony's infringing use of "The Tango" and any Pops series revenues generated through the inclusion of the collage in the direct-mail literature.

We agree entirely with the expert's original conclusion. Intuitively, we can surmise virtually endless

permutations to account for an individual's decision to subscribe to the Pops series, reasons that have nothing to do with the artwork in question. For example, was it because of the Symphony's reputation, or the conductor, or a specific musician, or the dates of the concerts, or the new symphony hall, or the program, or the featured composers, or community boosterism, or simply a love of music, or ...? In the absence of concrete evidence, Mackie's theory is no less speculative than our effort in this paragraph to enumerate even a relatively short list of the myriad factors that could influence an individual's purchasing decisions.

Additionally, even if we were to assume that the expert's supplemental, but contradictory, declaration was sufficient for the purposes of Federal Rule of Civil Procedure 56 to manufacture a genuine issue of material fact, we nevertheless conclude that the basis of his abrupt about-face was far too speculative to oppose the Symphony's motion successfully. His supposition that the Symphony's goal of generating a 1.5% response rate to its direct-mail brochure was somehow directly correlated with revenue generated by individuals who subscribed because of Rieser's art is a virtual non-sequitur. Even if such an aspirational yield percentage could be applied to determine how many people subscribed because of the brochure, such a rudimentary analysis cannot determine how many of those individuals subscribed *because of Rieser's work*. The thread is even more attenuated because the artwork was but one page in a multi-page brochure that advertised a series of concerts that were unrelated to the artwork itself. Rank speculation of that sort will not allow a copyright holder to survive a summary judgment motion on his claim for indirect profits.

We agree with the district court's determination that Mackie did not articulate a non-speculative correlation

between the Symphony's infringement and subsequent Pops revenues.

III. THE DISTRICT COURT'S AWARD OF ACTUAL DAMAGES

Mackie also appeals the district court's award of $ 1,000 in actual damages. He argues principally that the district court erred in failing to factor his subjective objections into a determination of what the Symphony and Rieser would have paid for a license to use "The Tango." We review this issue de novo because it is best characterized as a legal challenge to the standard for assessing the quantum of actual damages. *The Ambassador Hotel Co., Ltd. v. Wei-Chuan Inv., 189 F.3d 1017, 1024 (9th Cir. 1999).* Mackie's argument fails, however, because it fundamentally misapprehends the nature of the damages inquiry.

We have previously [HN7] defined the phrase "actual damages" as "the extent to which the market value of a copyrighted work has been injured or destroyed by an infringement." *Frank I, 772 F.2d at 512.* To determine the work's "market value" at the time of the infringement, we have endorsed a hypothetical approach: "what a willing buyer would have been reasonably required to pay to a willing seller for [the owner's] work." *Id.* (quoting *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp., 562 F.2d 1157, 1174 (9th Cir. 1977)).*

This case presents a slightly different twist. The record is replete with testimony from Mackie and his experts that the infringement did not in any way influence the market value of "The Tango." Perhaps recognizing this reality, Mackie sought to introduce evidence of his personal objections to the manipulation of his artwork. Although it is not hard to be sympathetic to his concerns, the market value approach is an

objective, not a subjective, analysis. Consequently, Mackie's subjective view, which really boils down to "hurt feelings" over the nature of the infringement, has no place in this calculus. *See* Paul Goldstein, *Copyright*, § 12.1.1, at 12:14 (2002) (noting that [HN8] actual damages, and its accompanying "market value" test, is "essentially an objective rather than a subjective measure of damages"). The district court did not err in declining to factor in Mackie's subjective view.

AFFIRMED.

Footnotes

n1 Subject to the court's determination of a "just" award, statutory damages range from $ 750 to $ 30,000, and the court may award up to $ 150,000 in a case of willful infringement. *17 U.S.C. § 504*(c).

n2 Mackie created the bronze steps in association with Chuck Greening, who, although he retains ownership rights to the copyright in "The Dance Steps," is not a party to this case.

n3 Mackie did not register his copyright in the work until October 13, 1998 - after the infringement - and he is therefore precluded from seeking statutory damages and attorneys' fees. *17 U.S.C. § 412*. We also note that Mackie did not assert any claims based on the Visual Artists Rights Act, *17 U.S.C. § 101* et seq.

n4 Contrary to Mackie's suggestions, *Cream Records, Inc. v. Jos. Schlitz Brewing Co., 754 F.2d 826 (9th Cir. 1985)* (per curiam), does not guide our review. In that case, the defendant, a brewing company that manufactured a popular brand of malt liquor, failed to appeal from a portion of the district court's judgment that awarded the plaintiff indirect profit damages - malt liquor sales supposedly generated by the brewer's infringing use in television commercials of the theme

from the movie "Shaft." We did not pass judgment on the question of whether any of the profits could, as a matter of copyright law, properly be attributed to the infringement. *Id. at 828.*

n5 Under the Copyright Act of 1909, a plaintiff could recover "all the profits which the infringer shall have made from such infringement ...." *17 U.S.C. § 101*(b) (1970).

n6 See *Data Gen. Corp. v. Grumman Systems Support Corp., 36 F.3d 1147, 1170 (1st Cir. 1994)* (noting in actual damages context that "it is useful to borrow familiar tort principles of causation and damages"); Charles Alan Wright, Arthur R. Miller, Mary Kay Kane, *Federal Practice and Procedure* § 1614 at 225 (2d ed. 1986) ("A suit for copyright in infringement may be analogized to *other* tort actions; all infringers are jointly and severally liable.") (emphasis added).

No. C99-0331P

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

JACK MACKIE,
Plaintiff,

v.

BONNIE RIESER and JOHN DOE RIESER and SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,
Defendants.

July 28, 2000, Filed

ORDER ON DEFENDANT SEATTLE SYMPHONY ORCHESTRA'S MOTION FOR PARTIAL SUMMARY JUDGMENT ON THE ISSUE OF DAMAGES

This matter comes before the Court on Defendant Seattle Symphony Orchestra's motion for partial summary judgment on the issue of damages. The Court, having reviewed the papers and pleadings submitted by the parties and having heard oral argument, hereby GRANTS Defendant's motion. This written order expands upon the Court's oral ruling on this motion.

I. Background

In 1981, Plaintiff Jack Mackie and another artist created a sculpture entitled "The Tango." This work, which depicts a series of footsteps representing a couple dancing the tango, is embedded on a sidewalk on Broadway in Seattle's Capitol Hill neighborhood.

In 1996, Defendant Bonnie Rieser received a commission from Defendant Seattle Symphony Orchestra to create graphic design images to be used by the Symphony in materials promoting its 1996-97 season. One of the works that Ms. Rieser created was derived in part from a photograph of Mr. Mackie's work.

The Symphony used Ms. Rieser's work in connection with the promotion of its 1996-97 Pops series. Among other uses, the Symphony placed a full-page illustration of Ms. Rieser's work directly opposite a schedule for the Pops series in the Symphony's 1996-97 season brochure. The Symphony distributed approximately 140,000 copies of the season brochure.

Mr. Mackie filed this suit against both Ms. Rieser and the Symphony, alleging copyright infringement. In the event that he proves infringement, Mr. Mackie maintains that he is entitled to recover profits from the Symphony which are allegedly attributable to its use of the Rieser work in promotional materials.

II. Analysis

A. Awards of Indirect Profits Under the Copyright Act Section

504(b) of the Copyright Act provides, in relevant part:

The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her

deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. § 504(b) (emphasis added). Under this section, infringer's profit may be recovered to the extent that such profits are "attributable to the infringement" and do not overlap with the copyright owner's actual damages.

Assuming that Mackie is able to prove that the Rieser work infringed his copyright, the Symphony argues that Mackie cannot demonstrate that any of its profits are "attributable" to its use of the Rieser work in promoting the Pops series. The Symphony notes that it did not profit directly from its use of the Rieser work, and argues that any alleged indirect profits from its use of the work in promotional materials would be too speculative to support an award under Section 504(b).

As the Symphony correctly notes, awards of an infringer's indirect profits are not common under Section 5 04(b). See, e.g., 4 Nimmer on Copyright § 1 4.03[A] (2000) (noting "claims for indirect profits are more frequently unsuccessful"). Although courts have on occasion awarded infringer's profits that result from using a copyrighted work in advertising, "profits due to advertising are more frequently denied." Id; see also II Paul Goldstein, Copyright § 12.1.2.3 (2d ed. 1999) (noting that indirect profits in cases where a copyright is infringed by an advertisement "are likely to be more speculative than profits derived from the sale, performance or display of the copyrighted work, and courts have frequently denied their recovery on that ground"). Denial of indirect profits in such cases is consistent with the principle that "[w]hen an infringer's profits are only remotely and speculatively attributable to the infringement, courts will deny recovery to the copyright owner:' 4 Nimmer on Copyright §1 4.03[A].

There are obvious difficulties in ascertaining that a seller's profits are attributable to infringing material that is included in promotional materials. As one court has noted:

It will always be difficult and often impossible to calculate in a reasonable manner the revenues made from an infringing advertising campaign. Sales are a function of many variables which are interrelated in complex and often unknown ways.

Sid & Marty Krofft Television Productions Inc. v. McDonald's Corp., 221 U.S.P.Q. 114, 116, 1983 WL 1142 (C.D. Cal. 1983) (denying an award. of indirect profits earned by McDonald's restaurants after using copyright owner's cartoon characters in an advertising campaign).

To be sure, the Ninth Circuit has upheld awards of indirect profits in at least two copyright cases. Cream Records, Inc. v. Jos. Schlitz Brewing, Co., 754 F.2d 826 (9th Cir. 1985), the district court awarded a record company $5,000 in infringer's profits after Schlitz Brewing used an excerpt from the "Shaft" theme song in a commercial. The Ninth Circuit upheld this award, which was significantly Less than the amount sought by the copyright owner. It should be noted that the Ninth

Circuit did not squarely address whether even this small amount of indirect profits could be attributed to the infringement. Although the defendants argued that none of its profits could be attributed to the infringement, the court declined to reach that question, noting that "Defendants have not cross-appealed the judgment, and may not challenge the determination of causation upon which it rests." at 828.

The Ninth Circuit also upheld an award of indirect profits in Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 886 F.2d 1545 (9th Cir. 1989) ("Frank Music II"), a case that arose under the 1909 Copyright Act. In that case, the owners of the MGM Grand Hotel in Las Vegas had presented a show entitled "Hallelujah Hollywood" that used songs from the musical "Kismet" without the copyright owner's authorization. In addition to profits that the hotel made from the show itself, the district court also held that the copyright owner was entitled to recover 2% of the hotels profits during the period when the show was performed. The court upheld this award as "ascertainable indirect profits from defendants' hotel and gaming operations attributable to the promotional value" of the show, Id. at 1550.

Therefore, while awards of indirect profits are not common a copyright owner may in certain cases be entitled to such profits under Section 504(b) of the Copyright Act As a result, the Court must consider whether Plaintiff has introduced sufficient evidence to support a reasonable inference that an ascertainable amount of the Symphony's income is attributable to its use of the Rieser work.

B. Revenue from the 1996-97 Pops Series

In opposition to the Symphony's motion, Plaintiff argues that a certain amount of the Symphony's revenue from the 1996-97 Pops series is attributable to its use of the Rieser work in the season brochure. As noted above, the 1996-97 season brochure inducted a full-page illustration of the Rieser work, which appeared directly opposite a schedule for the Pops series.

Plaintiff has submitted evidence which estimates how munch of the Symphony's revenue from the 1996-97

Pops series is attributable to the Symphony's use of the Rieser work in the season brochure. Plaintiff's expert Paul Sutphen estimates that this revenue totals $52,017. To reach this estimate, Mr. Sutphen starts with the figure $721,988, the total amount of revenue that the Symphony took in from the 1996-97 Pops series. From this amount, he first subtracts $537,695. This is the amount of sales that the Symphony's internal documents attribute to a "Pops Renewal Mailing," which was apparently distinct from the mailing of the season brochure. This leaves $184,293.

Mr. Sutphen then reduces this amount to attempt to account for Pops series' sales that were made though the Symphony's telemarketing efforts. Through a series of estimates and calculations, Mr. Sutphen estimates that $66,126 in sales to the Pops series were attributable to telemarketing. He subtracts this figure from $184,293, which leaves $118,167.

Mr. Sutphen then surmises (through a series of estimates and calculations that the Court will not attempt to summarize here) that 44.02% of all of the Symphony's "new sales" from direct mail in 1996-97 were for the Pops Series. He multiples $118,167 by 44.02%. This yields his final estimate of $52,017 as sales for the 1996-97 Pops series that are attributable to the Symphony's season brochure that included the Rieser work.

In the Court's view, Mr. Sutphen's estimate cannot be regarded as a non-speculative calculation of how much of the Symphony's revenue from the 1996-97 Pops series is attributable to its use of the Rieser work. The $52,017 figure represents an estimate (based upon multiple estimates) of how many sales to the 1996-97 Pops series resulted from the Symphony's season brochure. The

Court finds that this figure is speculative and cannot be regarded as a reliable measure of how many sales to the Pops series are attributable to the 1996-97 season brochure. Furthermore, Mr. Sutphen's report essentially maintains that all sales to the Pops series that may have resulted from the 1996-97 season brochure are attributable to the Rieser work. On its fact, this assertion is untenable. fn1

Even thawing all rational inferences in favor of the non-moving party, the evidence put forward by Plaintiff is insufficient to support a reasonable inference that an ascertainable amount of revenue from the Symphony's 1996-97 Pops series is attributable to the Rieser work. Summary judgment will therefore be entered for the Symphony with respect to Plaintiffs claims for infringer's profits from the 1996-97 Pops series.

C. Revenue from the Pops Series After the 1996-97 Season

Plaintiff also argues that he is entitled to recover profits that the Symphony earned from the Pops series for seven years after the 1996-97 season. In essence, this claim is based upon estimates regarding the rate at which individuals who initially subscribed to the series in 1996-97 (purportedly as a result of the Symphony's use of the Rieser work) renewed their subscriptions to the series in subsequent years.

As a matter of law, the Court finds that profits earned by the Symphony after the 1996-97 season are too remote and attenuated from the initial alleged infringement to support an award of infringer's profits under section 504(b). As the Ninth Circuit has noted, "[t]he question of whether specific profits were made from an infringement is similar to that of proximate cause in the

tort context: just as there comes a point beyond which efforts cannot be legally attributed to an initial tortious action, so too there comes a point beyond which an infringer's profits cannot legally be attributed to a particular act of infringement." Frank Music II, 886 F.2d at 1553. Therefore, summary judgment will be entered for the Symphony with respect to Plaintiff's claims for infringer's profits after the 1996-97 season.

III. Conclusion

For the foregoing reasons, Defendant Seattle Symphony Orchestra's motion for partial summary judgment on the issue of damages is GRANTED. The clerk is directed to send copies of this order to all counsel of record.

Dated: July 28, 2000.

Marsha J. Pechman
United States District Judge

Footnote

fn1 It is worth noting that the evidence introduced by Plaintiff indicates that the Symphony sold virtually all of its ticket for the 1995-96 Pops series without using Ms. Rieser's work. This fact suggests that the Symphony's use of Ms. Rieser's work had a de minimus impact (if any) on sales to the Pops series in 1996-97.

No. C99-0331P

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

JACK MACKIE,
Plaintiff,

v.

BONNIE RIESER and JOHN DOE RIESER and SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,
Defendants.

August 18, 2000, Filed

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This matter was tried without a jury from through August 10,2C00. The Court, having heard and considered the parties' arguments, evidence, testimony, and stipulations, hereby finds that Defendants Bonnie Rieser and the Seattle Symphony Orchestra ("Symphony") engaged in copyright infringement by using Plaintiff Jack Mackie's work "The Tango" Tango" without his authorization. The Court further finds that Plaintiff is entitled to actual damages in the amount of $1,000. The Court also awards Plaintiff his costs expended in pursuit of this litigation, excluding attorney's fees.

Pursuant to Fed. R. Civ. P. 52(a), the Court's findings of fact and conclusions of law are set forth below.

I. Findings of Fact

A. The Mackie Work

Between 1979 and 1982, Plaintiff Jack Mackie, along with another artist named Chuck Greening, created a series of eight sculptures that depict the steps used to perform various dances. These sculptures are embedded in the sidewalks of Broadway Avenue in Seattle's Capitol Hill neighborhood The series of sculptures is known as "Dance Steps on Broadway." One of these sculptures is entitled "The Tango" (for ease of reference, the Court also refers to the Tango sculpture as the "Mackie work") A copyright notice is affixed to this work. The work was registered with the United States Copyright Office on October 13, 1998. From the testimony at trial, it is apparent that the "Dance Steps" series is widely regarded as an outstanding piece of public art and that Mr. Mackie is well-known in the arts community as the creator of the work.

B. The Rieser Work

In 1995, Defendant Bonnie Rieser, a graphic artist received a commission from the Seattle Symphony to produce eleven illustrations to be used in promoting the Symphony's 1996-97 season. Ms. Rieser received $20,000 to produce all eleven works. Six received no additional compensation from the Symphony to pay for the costs of materials to be used in producing the works.

One of the eleven works that Ms. Rieser created for the Symphony was derived from a photograph that she took of "The Tango." Ms. Rieser manipulated the image of Mr. Mackie's work and used the manipulated image in the illustration which is the subject of this litigation (the "Rieser work"). Neither Ms. Rieser nor the Symphony

sought or received authorization from Mr. Mackie to use an image of his work.

The Symphony used and distributed images of the Rieser work in a number of ways to promote the organization's 1996-97 Pops series. The Rieser work was: (1) included in approximately 150,000 Symphony season ticket brochures; (2) placed on the cover of 12,000 copies of its playbill "Encore Magazine"; (3) made into a single mounted illustration which was displayed at various times; and (4) placed on the cover of approximately 2,000 blank note cards used for special announcements and thank-you messages. None of these materials bore any attribution to Mr. Mackie.

In addition, Ms. Rieser's work was featured in an article in the July-August 1997 edition of the periodical "Step-by-Step Graphics Magazine," a trade publication for the graphic design industry with a circulation of approximately 38,000. Ms. Rieser obtained 3,000 reprints of the article. She circulated approximately 50 reprints with her portfolio to prospective clients and others. She retains the balance of the reprints. The Step-by-Step article did not include any attribution of Mr. Mackie.

C. Plaintiff's Damages

Defendants' conceded copyright infringement at trial. Therefore, the bulk of the testimony and evidence concerned Mr. Mackie's alleged damages.

Plaintiff has presented no persuasive evidence that Defendants' use of the work has caused him to lose commissions or other opportunities to license the use of his work commercially. The Court also finds that the Rieser work has not caused any discernible damage to Mr. Mackie's professional reputation. In addition, the

Court is unpersuaded that the article in "Step-by-Step" magazine has caused or will cause readers of the magazine to believe that Ms. Rieser created the Mackie work or owns the copyright for the work.

Although Mr. Mackie has authorized others to use images of his "Dance Steps" works on several occasions, he has never received a license fee or other monetary compensation for the authorized use of these works. However, the Court finds that the evidence presented by the parties is sufficient to permit the Court to make a reasoned determination of what a willing buyer would have been required to pay a willing seller for the use Mr. Mackie's work. The Court finds that the testimony of Defendants' expert Gerald Rapp on this question is more persuasive and credible than the testimony of Plaintiff's experts. Mr. Rapp offered his opinion that a willing buyer would have paid a willing seller a price ranging from $500 - $1,000 for the use of Plaintiff's work, assuming that no attribution was given to the copyright owner. Mr. Rapp's opinion regarding a reasonable price is consistent with his testimony regarding the price that a stock photography house quoted for the use of a photograph of a different "Dance Steps" work by Mr. Mackie. It is also consistent with his extensive experience in representing artists and with numerous sales made by his firm in the past year. in addition, Mr. Rapp's opinion is buttressed by the testimony of the Symphony's art director, who indicated that the Symphony has in the past paid relatively little for the rights to use copyrighted images of photographs and artworks in its promotional materials.

The Court does not find the testimony of Plaintiff's expert Patricia Hackett to be persuasive. Ms. Hackett offered her opinion that a reasonable price for the use of Mr. Mackie's work would have been approximately

$85,000. Ms. Hackett's opinion is based in large part on her interpretation of the Pricing and Ethical Guidelines (PEGS) published by the Graphic Artists Guild, rather than specific, examples of the sale of use rights for similar Works. Ms. Hackett did not take into account what a willing buyer would reasonably pay for the use of Mr. Mackie's work, nor is the Court persuaded that her use of the PEGS represents a realistic or appropriate approach for determining what a willing buyer would reasonably pay a willing seller for the use of Mr. Mackie's work. The Court also does not believe that the testimony of Plaintiff's expert Peggy Weiss provided any significant support for Plaintiffs damages theory. The Court further finds that that is no evidence in the record that suggests Mr. Mackie has ever received, or could reasonably expect to receive, a license fee of $85,000 for the use of an image of "The Tango."

Therefore, based on its evaluation of the evidence and testimony presented by the parties, the Court finds that a willing buyer would have been reasonably required to pay $1,000 to a willing seller for the use of an image of Plaintiff's work. This amount represents the highest price that Mr. Rapp indicated a willing buyer would pay a willing seller for the use of the work. The Court believes that the higher figure is appropriate due to Defendants' failure to provide attribution to Mr. Mackie, as well as the high regard for Mr. Mackie's work in the arts community.

II. Conclusions of Law

A. Copyright Infringement

Defendant concede that they engaged in copyright infringement by using an image of Mr. Mackie's work without his authorization. See, e.g., Defs.' Trial Brief, at

3 ("Defendants are not contesting that an infringement may have taken place"). Defendants have presented no evidence to contest Mr. Mackie's allegations and evidence that: (1) he owns a valid copyright to his work and has registered his copyright; (2) the Rieser work is derived in substantial part from the Mackie work; and (3) the Mackie work was used without the copyright owner's authorization. Based on Defendants' concessions and the undisputed facts the Court concludes that Defendants' use of Mr. Mackie's work constituted copyright infringement.

B. Damages

Plaintiff seeks to recover his actual damages pursuant to 17 U.S.C. § 504(b). He does not seek to recover Defendant Rieser's profits nor does he seek statutory damages.

The Ninth Circuit has held that:

Actual damages are defined as "the extent to which the market value of a copyrighted work has been injured or destroyed by an infringement." The Ninth Circuit test for market value is "what a willing buyer would have been reasonably required to pay to a willing seller for plaintiffs' work."

United States v, King Features Entertainment. Inc., 843 F.2d 394, 400 (9th Cir. 1988) (internal citations omitted). As noted above, the Court has found that a willing buyer would have been reasonably required to pay S 1,000 to a willing seller for the right to use an image of Plaintiff's work. Therefore, the Court concludes that Plaintiff is entitled to actual damages in the amount of $1,000.

Mr. Mackie's aesthetic and contextual objections to the use of his work, while understandable, are not compensable given the standard of a willing buyer and a willing seller.

C. Costs

Section 505 of the Copyright Act provides that "[i]n any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United Stares or an officer thereof." The Court exercises its discretion pursuant to this provision to allow Plaintiff as thy prevailing party to recover his costs in pursuing this action, excluding attorney's fees. Although Plaintiff's actual damages are not great his case has merit and he should be entitled to recover his reasonable costs of litigating this action.

III. Conclusion

Defendants engaged in copyright infringement by using Plaintiffs work without his authorization. Plaintiff is entitled to damages which reflect what a willing buyer would have reasonably paid a willing buyer for the use of Plaintiff's work. Therefore, the Court hereby ORDERS Defendants to pay Plaintiff damages in the amount of $1,000 and Plaintiff's costs in this action excluding attorney's fees.

The clerk is directed to send copies of these findings of fact and conclusions of law to all counsel of record.

Dated: August 18, 2000.

Marsha J. Pechman
United States District Judge

No. C99-0331P

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

JACK MACKIE,
Plaintiff,

v.

BONNIE RIESER and JOHN DOE RIESER and SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,
Defendants.

August 18, 2000, Filed

JUDGMENT IN A CIVIL CASE

XX Decision, by Court. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUOCED that Defendants infringed Plaintiff's copyright to the work "The Tango," and that Defendants pay Plaintiff damages in the amount of $1, 000 and Plaintiff's costs in this action, excluding attorney's fees.

Dated: August 18, 200

BRUCE RIFKIN Clerk of Court

By, Deputy Clerk

No. 00-35839

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

JACK MACKIE,
Plaintiff-Appellant,

v.

BONNIE RIESER; SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,
Defendants-Appellees.

September 3, 2002, Filed

ORDER

Before: RYMER, McKEOWN, and GOULD, Circuit Judges.

The panel has voted unanimously to DENY Appellant Jack Mackie's petition for rehearing and his petition for rehearing en banc.

The full court has been advised of the petition for rehearing en banc, and no judge of the court has requested a vote on it. The petition for rehearing en banc is therefore DENIED.